

December 17, 2010

Yolanda Cruz  
President  
Municipal Employees' Federation, AFSCME Local 101  
c/o Library Department

LaVerne Washington  
President  
Confidential Employees' Organization, AFSCME Local 101  
c/o City Attorney's Office

**RE: City/MEF and CEO Negotiations**

Dear Yolanda and LaVerne:

As you know, the City is again facing a significant budget shortfall for Fiscal Year 2011-2012. On November 18, 2010, at a Special Council meeting, the City Council approved the following direction for labor negotiations. As noted at the Council meeting, negotiations over these items are subject to the meet and confer process.

- Achieve a 10% ongoing total compensation reduction in addition to rolling back the 2% general wage increase received in Fiscal Year 2010-2011
- Sick Leave Payout Reform
- Compensation Structure Reform
- Retirement Reform

In addition to this direction, the City Council also approved the following guiding principles for labor negotiations. More detailed information regarding these guiding principles can be found at [http://www.sanjoseca.gov/clerk/Agenda/20101118/20101118\\_0303a1sup.pdf](http://www.sanjoseca.gov/clerk/Agenda/20101118/20101118_0303a1sup.pdf).

1. Commence Negotiations in January 2011
2. Continue Using a Total Compensation Approach
3. Savings Must be Achievable & Verifiable in Fiscal Year 2011-2012
4. Reductions in City Jobs and Services Do Not Reduce Per Employee Costs
5. Avoid Adverse Impact to Retirement Systems
6. Consider Inter-Relationship of Variations by Bargaining Unit
7. Transparency in Negotiations
8. Availability of Information Requests and Responses to be Public
9. Inclusion of Operational and Other Contractual Issues

Although we recognize that CEO's contract does not expire until September 2011, for negotiations on a new contract other than retirement reform, we would like to know if MEF and CEO are interested in using the same negotiation structure that was used recently during our discussions. As you know, in 2009, an agreement was reached with MEF and CEO in a

coalition setting. Please let us know as soon as possible, if MEF and CEO are interested in using this same structure for negotiations this year. Please note that a separate communication will be sent regarding negotiations over retirement benefits.

In the event MEF and CEO are interested in coalition bargaining again, the City would like to meet with you in order to determine whether we can reach an agreement to conduct negotiations in a coalition setting, including agreement on ground rules.

In the event MEF and CEO are not interested in coalition bargaining, please let us know so that we can plan to commence bargaining with MEF and CEO separately. Please note that once individual bargaining commences, the City would not be interested in coalition bargaining at a later date for these negotiations.

Given the significant issues that we will be discussing in negotiations, we would like to begin as early as possible in January. We propose that the first meeting, either in a coalition setting to discuss ground rules, or individually to commence bargaining, occur the week of January 10<sup>th</sup>. Since it will be our first meeting, we propose scheduling the meeting for two hours. Please let us know your availability during the week of January 10<sup>th</sup>.

As you may be aware, the City's Employer-Employee Relations Resolution provides for paid release time for up to three (3) representatives to attend these negotiation meetings. Please provide the names of the employees that will be participating in the negotiations. We will ensure the employees are provided release time to attend the scheduled meetings.

Should you have any questions, please let me know.

Sincerely,



Alex Gurza  
Director of Employee Relations

c: Gina Donnelly, Deputy Director of Employee Relations  
Linda Dittes, AFSCME Business Representative  
Charles Allen, AFSCME Business Representative